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country: Cuba

subject: Unemployment/Sugar Grinding, Tobacco, Coffee and Rice/Money and Banking/
Sanctioning of New Internal Loan

place Acquired by Source: -----

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date Acquired by Source : [REDACTED]

date of Information : Jan-May 53

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- "General Business Conditions: Business continues dull in most lines. Sales of textile wholesalers are reported about 30% below a year ago; automobile sales, especially of higher priced cars, are down sharply. Some department stores report better sales, but in general retail trade has been slack. There has been an improvement in sales of building supplies due to a pick-up in private construction and it has been necessary to import cement recently as local production could not satisfy the demand. Collections in the interior have shown no improvement and wholesalers continue to restrict credit. Commercial failures have not been numerous and have been confined to small merchants in the interior. Foreign bills, which are coming in in lessened volume, are being paid fairly promptly.
- "Sugar Grinding Nearly Ended: According to latest reports, only 32 of the 161 sugar mills were still grinding. Production to 16 May was 4,900,000 Spanish long tons compared with 6,200,000 Spanish long tons at this time last year. The drastic reduction in the crop, due to restrictive measures, will bring about sharply reduced profits for the industry, although in other respects the crop has been harvested under favorable conditions.
- "Unemployment: The unemployment problem is expected to be more serious than usual because of the short sugar crop and because cultivation of the cane fields and plantings will be reduced to a minimum and expenditures for sugar mill repairs and improvements held down. A few mills, in order to create work, have been producing invert molasses and have arranged with the unions for reducing the wage scale by an average of from 30 to 35%. Others have placed land at the disposal of their workmen for the raising of vegetables. These measures, however, will only provide partial relief, and a substantial further decrease in purchasing power in the cane-growing areas is expected.
- "Tobacco, Coffee and Rice: The tobacco crop is in the drying process and important purchases have not yet begun; both demand and prices continue firm. The coffee crop, which ended on 30 April, is estimated at 600,000 cwt. with a tendency to higher prices due to the short crop. There has been considerable stimulus to the planting of rice and it is estimated that domestic production will supply nearly one-third of Cuba's requirements. The spring crop, the harvesting of which is now beginning, will amount to about 390,000 quintals of milled rice. Plantings for the fall crop have been

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very heavy with no estimate yet of final production.

"Money and Banking: As of 5 May, deposits of all banks in Cuba were reported at P.728,100,000, a rise of P.11,000,000 over the previous month. Bank loans and discounts were up only slightly at P.436,000,000. Bank bond portfolios were also about the same, at P.68,700,000. Bank clearings for the month ended 10 May were P.374,564,783 compared with P.389,186,224 for the previous monthly period. Advances and rediscounts of Banco Nacional de Cuba as of 7 May were P.40,092,933, representing a decrease of about P.4,000,000 during the month. The supply of dollars continues plentiful, and funds on New York are available as between banks at par. Monetary reserves of Cuba have increased further, being reported at \$537,242,440 as of 10 May compared with \$516,204,078 on 10 April. However, the increase in reserves which has taken place in the last two months has not yet been sufficient to offset the large drop that occurred in the latter part of last year, and the figure reported as of 10 May is considerably under the \$598,000,000 that was reported a year ago.

5. "New Internal Loan Sanctioned: President Batista has signed a decree authorizing an internal issue of P.20,000,000 for public works. Although the details of the issue are not yet known, the presumption is that the rate will be 5%.

		1952			Jan.- Mar.	1953			Jan.- Mar.
		Jan.	Feb.	Mar.		Jan.	Feb.	Mar.	
Short-term Assets in US Bks.	(Mil.US\$)	253	265	288		276	280		
Collections Outstanding	(Mil.US\$)	6.4	6.3	6.5		5.3	5.9	5.8	5.6(a)
US Trade with Cuba	(Mil.US\$)								
US Exports		40	50	49	139	39	36	39	114
US Imports		31	33	42	106	36	33	49	118
Excess Imp.(-);Exp.(/)		79	17	7	33	3	3	-10	-4

(a) April"

- end -